ASX Release / 21 February 2017

December 2016 Half Year Results and ASX Appendix 4D

Continued strong operating and financial performance drives repayment of debt in full

St Barbara reported a statutory profit after tax of $83 million for the half year to 31 December 2016 (2015 comparative period: $77 million), with underlying profit after tax[1] increasing to $81 million (2015: $60 million).

Key features of the result are:

- Gold production of 191,529 ounces at a Group All-in Sustaining Cost of A$904 per ounce
- EBITDA margin for the Group of 51%, with Gwalia operations reporting an EBITDA margin of 66%[1]
- Net cash flows generated from Gwalia and Simberi in the half year amounted to $150 million[1]
- Debt repayments in the half year totalled $173 million, reducing total interest bearing debt to $57 million at 31 December 2016 (with remaining debt scheduled due to paid out in March 2017)
- Net cash position of $31 million at 31 December 2016[2].

Included in the result is a non-cash impairment charge of $19 million after-tax, representing an adjustment to the carrying value of Simberi assets (primarily due to the fall in US$ spot gold price from 30 June 2016 to 31 December 2016).

St Barbara MD & CEO, Bob Vassie, said: "We have had a very successful first half, continuing to operate at the record levels of production, costs, cash flow and safety that we set last financial year. Our organic growth opportunities have been significantly progressed, including the Gwalia extension project and the option and farm-in agreement with Newcrest in PNG. Last month we increased production guidance for the full financial year, and within weeks we will be effectively debt free[3], and well able to fund the proposed Gwalia extension project and our various exploration projects. We are encouraged to continue our deep drilling at Gwalia, having successfully intersected the Gwalia shear down to 2,200 metres below surface during the half, and anticipate releasing further news on the Gwalia extension project next month."

Full details are set out in the attached Interim Financial Report and Appendix 4D for the Half Year to 31 December 2016.

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1 Non-IFRS measures, refer attached Interim Financial Report for the Half Year to 31 December 2016, pages 4 and 5, EBITDA margin = EBITDA as a % of Revenue

2 Non-IFRS measure, net cash equivalent to cash and cash equivalents less interest bearing borrowings

3 No interest bearing borrowings, except for equipment leases amounting to less than A$1 million

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Presentation on the December 2016 Half Year Financial Report and webcast

Bob Vassie, Managing Director & CEO, will brief analysts and institutional investors on the December 2016 Half Year Financial Report at 12:00 pm Australian Eastern Daylight Time (UTC + 11 hours) on Wednesday 22 February 2017. Participation on the conference call is by personal invitation only.

A live audio webcast of the briefing will be available on St Barbara's website at www.stbarbara.com.au/investors/webcast/ or by clicking here. The audio webcast is 'listen only' and does not enable questions. The audio webcast will subsequently be made available on the website.

Disclaimer

This release has been prepared by St Barbara Limited ("Company"). The material contained in this release is for information purposes only. This release is not an offer or invitation for subscription or purchase of, or a recommendation in relation to, securities in the Company and neither this release nor anything contained in it shall form the basis of any contract or commitment.

This release contains forward-looking statements that are subject to risk factors associated with exploring for, developing, mining, processing and the sale of gold. Forward-looking statements include those containing such words as anticipate, estimates, forecasts, indicative, should, will, would, expects, plans or similar expressions. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and which could cause actual results or trends to differ materially from those expressed in this release. Actual results may vary from the information in this release. The Company does not make, and this release should not be relied upon as, any representation or warranty as to the accuracy, or reasonableness, of such statements or assumptions. Investors are cautioned not to place undue reliance on such statements.

This release has been prepared by the Company based on information available to it, including information from third parties, and has not been independently verified. No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information or opinions contained in this release.

The Company estimates its reserves and resources in accordance with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves 2012 Edition ("JORC Code"), which governs such disclosures by companies listed on the Australian Securities Exchange.

Appendix 4D

Half Year Report

ST BARBARA LIMITED

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Half year/financial year ended ('current period')
36 009 165 066	✓		**31 December 2016**

Results for announcement to the market

		%		A$'000
Revenue from ordinary activities	up	3%	to	319,846
Profit from ordinary activities after tax from continuing operations attributable to members *(Prior corresponding period profit: $77,448,000)*	up	7%	to	82,552
Net profit attributable to members of the parent entity *(Prior corresponding period profit: $77,448,000)*	up	7%	to	82,552
Dividends No dividend has been declared or paid				

	31 Dec 16 **$**	**30 Jun 16** **$**
Net Tangible Assets per security	0.77	0.61
Details of dividend distribution	N/A	N/A
Details of reinvestment plans	N/A	N/A
Details of joint venture entities and associates	N/A	N/A
Foreign entity accounting standards	N/A	N/A
Audit dispute or qualification	N/A	N/A

Dated: 21 February 2017

Bob Vassie
Managing Director and CEO

Interim Financial Report

for the half-year ended 31 December 2016

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ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT

The Directors present their report on the "St Barbara Group", consisting of St Barbara Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2016.

Directors

The following persons were Directors of St Barbara Limited at any time during the period and up to the date of this report:

- T C Netscher — Non-Executive Chairman
- R S Vassie — Managing Director & CEO
- K J Gleeson — Non-Executive Director
- D E J Moroney — Non-Executive Director

Principal activities

During the period the principal activities of the Group were mining and the sale of gold, mineral exploration and development. There were no significant changes in the nature of activities of the Group during the period.

Dividends

There were no dividends paid or declared during the period.

Overview of Results

During the half year the Group continued its strong financial performance, with key achievements being:

- Continued strong production from the Gwalia mine of 138,043 ounces of gold (2015 comparative period: 135,921 ounces) at an All in Sustaining Cost (AISC) of $744 per ounce (2015: $764 per ounce), generating significant net cash flows from operations during the half year of $131,672,000 (2015: $115,829,000).
- Continued positive performance from the Simberi operations in Papua New Guinea, with this operation producing 53,486 ounces of gold (2015 comparative period: 57,918 ounces) at an AISC of $1,316 per ounce (2015: $1,285 per ounce), generating positive net cash flows of $24,551,000 (2015: $16,545,000).

The Group reported a statutory net profit after tax of $82,552,000 for the half year ended 31 December 2016 (2015: $77,448,000), including significant items totalling a net profit after tax of $2,017,000 (2015: $17,421,000).

To provide additional clarity into the underlying performance of the operations the underlying measures for the period are presented in the table below, together with the statutory results. Underlying net profit after tax, before significant items, was $80,535,000 (2015: underlying net profit after tax of $60,027,000).

Significant items for the period included an impairment expense related to the Simberi assets of $27,273,000 (2015: Nil) before tax, reflecting mainly the impact of a lower gold price and forward estimates of the gold price used in determining the fair value of the Simberi cash-generating unit.

The Group generated net cash flows before financing activities of $116,757,000 (2015: $98,951,000) in the period, which enabled the further significant reduction in borrowings. Net cash flow from operating activities was $139,285,000 (2015: $122,779,000) in the period.

Cash on hand at 31 December 2016 was $87,177,000 (30 June 2016: $136,689,000), and this was after debt repayments totalling $173,164,000 (2015: $78,120,000) during the period. Total interest bearing borrowings at 31 December 2016 were well down on the last reporting date at $56,495,000 (30 June 2016: $226,318,000). As at 31 December 2016 the Company had repaid a total of $382,091,000 of interest bearing borrowings since 29 June 2015.

The consolidated result for the period is summarised as follows:

	Period ended 31 Dec 2016 $'000	Period ended 31 Dec 2015 $'000
EBITDA(3)(6) (including significant items)	143,558	160,832
EBIT(2)(6) (including significant items)	100,968	120,241
Profit before tax(4)	85,484	100,969
Statutory profit (1) after tax for the period	**82,552**	**77,448**
Total net significant items after tax	2,017	17,421
EBITDA (6) (excluding significant items)	163,620	144,089
EBIT (6) (excluding significant items)	121,030	103,498
Profit before tax – excluding significant items	105,546	84,226
Underlying net profit after tax(5)(6) for the period	**80,535**	**60,027**

(1) Statutory profit is net profit after tax attributable to owners of the parent.

(2) EBIT is earnings before interest revenue, finance costs and income tax expense.

(3) EBITDA is EBIT before depreciation and amortisation.

(4) Profit before tax is earnings before income tax expense.

(5) Underlying net profit after income tax is net profit after income tax ("Statutory Profit") less significant items as described in Note 10 to the financial statements.

(6) EBIT, EBITDA and underlying net profit after tax are non-IFRS financial measures, which have not been subject to review or audit by the Group's external auditors. These measures are presented to enable understanding of the underlying performance of the Group by users.

Details of significant items included in the Statutory Profit for the half year are displayed in the table below. Descriptions of each item are provided in Note 10 to the financial report.

	Period ended 31 Dec 2016 $'000	Period ended 31 Dec 2015 $'000
Impairment of Simberi assets	(27,273)	-
Foreign exchange gain/(loss) on US cash held at bank	3,475	(181)
Unrealised foreign exchange gains on intercompany loans	2,922	17,742
Realised foreign exchange gain/(loss) on US debt repayments	814	(5,462)
Effect of foreign exchange movements on US borrowings	-	(10,214)
Gain on the sale of King of the Hills and Kailis	-	14,858
Significant items before tax	**(20,062)**	**16,743**
Significant items after tax	**2,017**	**17,421**

Overview of Operating Results

Total production for the Group in the half year was 191,529 ounces of gold (2015: 202,951 ounces), and gold sales amounted to 189,248 ounces (2015: 198,826 ounces) at an average gold price of A$1,687 per ounce (2015: A$1,564 per ounce). The prior corresponding period included production and gold sales of 9,112 ounces from the King of the Hills mine, which ceased mining in April 2015 and production in September 2015.

Consolidated All-In Sustaining Cost (AISC) for the Group was $904 per ounce in the half year (2015: $922 per ounce), reflecting the benefits of strong results achieved at Gwalia and consistent performance at Simberi.

The table below provides a summary of the underlying profit before tax from operations at Leonora and Simberi.

	Period ended 31 December 2016			Period ended 31 December 2015		
$'000	**Leonora Operations**	**Simberi Operations**	**Consolidated**	**Leonora Operations**	**Simberi Operations**	**Consolidated**
Revenue	227,449	92,397	319,846	222,403	89,222	311,625
Mine operating costs	(68,641)	(58,844)	(127,485)	(84,863)	(60,592)	(145,455)
Gross Profit	**158,808**	**33,553**	**192,361**	**137,540**	**28,630**	**166,170**
Royalties	(9,004)	(2,066)	(11,070)	(8,737)	(1,994)	(10,731)
EBITDA(1)	**149,804**	**31,487**	**181,291**	**128,803**	**26,636**	**155,439**
Depreciation and amortisation	(30,544)	(10,012)	(40,556)	(32,266)	(5,754)	(38,020)
Underlying profit from operations(1)	**119,260**	**21,475**	**140,735**	**96,537**	**20,882**	**117,419**

(1) Excludes corporate and exploration costs, interest and tax and is non-IFRS financial information, which has not been subject to review or audit by the Group's external auditors. This measure is presented to enable understanding of the underlying performance of the operations.

The table below provides a summary of the cash contribution, after capital expenditure, from operations in Australia and at Simberi.

	Period ended 31 December 2016			Period ended 31 December 2015		
$'000	**Leonora Operations**	**Simberi Operations**	**Consolidated**	**Leonora(3) Operations**	**Simberi Operations**	**Consolidated**
Operating cash contribution	144,824	27,828	172,652	140,578	22,798	163,376
Capital expenditure - sustaining	(13,152)	(3,277)	(16,429)	(12,974)	(6,253)	(19,227)
	131,672	24,551	156,223	127,604	16,545	144,149
Capital expenditure – growth(1)	(6,408)	-	(6,408)	(4,090)	-	(4,090)
Total cash contribution after growth capital(2)	**125,264**	**24,551**	**149,815**	**123,514**	**16,545**	**140,059**

(1) Growth capital at Gwalia represents the deep drilling expenditure and pre-feasibility work on the Gwalia extension project.
(2) Cash contribution is non-IFRS financial information, which has not been subject to review by the Group's external auditors. This measure is provided to enable an understanding of the cash generating performance of the operations.
(3) Includes net cash contribution from King of the Hills in the prior corresponding period of $11,775,000 (2016: Nil).

Analysis of Leonora Operations

Total sales revenue from the Leonora operations of $227,449,000 (2015: $222,403,000) was generated from gold sales of 134,228 ounces (2015: 143,381 ounces) in the period at an average achieved gold price of A$1,692 per ounce (2015: A$1,549 per ounce). Revenue in the period benefitted from the higher gold price, while the prior corresponding period included revenue from King of the Hills of $13,960,000.

A summary of production performance for the half year ended 31 December 2016 is provided in the table below.

Details of Production Performance

		Gwalia	
		6 Months to 31 Dec 16	6 Months to 31 Dec 15
Underground Ore Mined	t	**398,578**	496,184
Grade	g/t Au	**11.1**	8.8
Ore Milled (including stockpiles)	t	**415,849**	507,769
Grade	g/t Au	**10.7**	8.7
Recovery	%	**97**	96
Gold Production	oz	**138,043**	135,921
Gold Sales	oz	**134,228**	134,269
Cash Cost(1)	A$/oz	**563**	605
All-In Sustaining Cost (AISC)(2)	A$/oz	**744**	764

(1) Cash Operating Costs are mine operating costs including government royalties, and after by-product credits. This is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. It is presented to provide meaningful information to assist management, investors and analysts in understanding the results of the operations. Cash Operating Costs are calculated according to common mining industry practice using The Gold Institute (USA) Production Cost Standard (1999 revision).

(2) All-In Sustaining Cost (AISC) is based on Cash Operating Costs, and adds items relevant to sustaining production. It includes some but not all, of the components identified in World Gold Council's Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs (June 2013), which is a non IFRS financial measure.

Gwalia

Gwalia reported another strong performance in the period with gold production of 138,043 ounces (2015: 135,921 ounces). The performance at Gwalia during the period benefitted from the productivity improvements implemented in the prior year and significantly higher grade.

Ore tonnes mined from the Gwalia underground mine decreased to 398,578 tonnes (2015: 496,184 tonnes) in the current period, largely due to a combination of precision blasting giving lower dilution and delays with blasting key stopes in December 2016 resulting from a change in explosives supplier.

Ore mined grades increased from 8.8 grams per tonne gold in 2015 to 11.1 grams per tonne gold in the current period, mainly as a result of improved stope control with reduced dilution and the presence of high grade shoots. Ore milled grade of 10.7 grams per tonne was higher (2015: 8.7 grams per tonne) due to the higher mined grade. The Gwalia mill continued to perform strongly in the period at an average recovery of 97 percent (2015: 96 percent).

Gwalia unit Cash Operating Costs for the period were $563 per ounce (2015: $605 per ounce), reflecting the benefit of higher grades. The unit All-In Sustaining Cost (AISC) for Gwalia was $744 per ounce for the period, which was down on the $764 per ounce reported in the prior corresponding period mainly due to lower cash operating costs. Total Cash Operating Costs at Gwalia of $77,718,000 (2015: $82,232,000) were lower than the prior corresponding period mainly as a result of reduced production volumes.

In the period Gwalia generated net cash flows, after sustaining capital expenditure, of $131,672,000 (2015: $115,829,000); growth capital related to the deep drilling and feasibility study work at Gwalia for the Expansion Project amounted to $6,408,000 (2015: $4,090,000) in the period.

Analysis of Simberi Operations

The Simberi operations continued to operate consistently during the period achieving record material movement in the mine and sustaining an equivalent mill throughput rate of 3.5 million tonnes per annum. During the period Simberi continued its focus on achieving further productivity improvements across the operations, including increased attention to the ore delivery system and an ongoing commitment to reducing operating costs.

Total sales revenue from Simberi was A$92,397,000 (2015: A$89,222,000) in the period, generated from gold sales of 55,020 ounces (2015: 55,445 ounces) at an average achieved gold price of A$1,673 per ounce (2015: A$1,605 per ounce).

A summary of production performance at Simberi for the half year ended 31 December 2016 is provided in the table below.

Details of Production Performance

		Simberi	
		6 Months to 31 Dec 16	6 Months to 31 Dec 15
Open Pit Ore Mined	t	**1,918,661**	1,772,086
Grade	g/t Au	**1.09**	1.22
Ore Milled (including stockpiles)	t	**1,891,655**	1,690,908
Grade	g/t Au	**1.10**	1.27
Recovery	%	**80**	83
Gold Production	oz	**53,486**	57,918
Gold Sales	oz	**55,020**	55,445
Cash Cost	A$/oz	**1,202**	1,108
All-In Sustaining Cost (AISC)	A$/oz	**1,316**	1,285

Simberi production for the six months ended 31 December 2016 of 53,486 ounces (2015: 57,918) was lower than the prior corresponding period due to lower grade and recovery.

Ore tonnes mined and total volume of material moved in the period was a record for Simberi, with total material moved of 7,512,000 tonnes (2015: 5,023,000 tonnes) and total ore mined of 1,918,661 tonnes at an average grade of 1.09 grams per tonnes (2015: 1,772,086 tonnes at 1.22 grams per tonne). The improvement in mining performance was largely attributable to better equipment reliability and availability, continuing improvement in equipment and ongoing introduction of efficiencies in the mining operations.

Ore milled increased to 1,891,655 tonnes in the period (2015: 1,690,908 tonnes), which reflected the benefit of operational improvements to increase performance of the processing plant and the ore delivery system.

Simberi unit Cash Operating Costs for the period were higher than the prior corresponding period at $1,202 per ounce (2015: $1,108 per ounce) due mainly to an increase in the strip ratio during the period and lower grade. The unit All-In Sustaining Cost (AISC) for Simberi was $1,316 per ounce in the period (2015: $1,285 per ounce), which reflected lower sustaining capital expenditure than in the prior corresponding period. Total Cash Operating Costs at Simberi during the period were consistent with the prior corresponding period at $64,290,000 (2015: $64,173,000).

In the period Simberi generated net positive cash flows, after sustaining capital expenditure, of $24,551,000 (2015: positive net cash flows of $16,545,000).

Discussion and Analysis of the Income Statement

Revenue

Total revenue increased from $311,625,000 in 2015 to $319,846,000 in the current period due mainly to the higher average gold price of A$1,687 per ounce (2015: A$1,564 per ounce).

Mine operating costs

Mine operating costs in relation to the operations were $127,485,000 in the current period (2015: $145,455,000), with the lower operating costs mainly attributable to lower production volumes at Gwalia. In addition, the prior corresponding period included operating costs for King of the Hills of $8,717,000.

Other revenue and income

Other revenue of $714,000 (2015: $1,211,000) comprised interest earned during the period. The lower interest earned is reflective of lower cash balances as a result of significant debt repayments in the period. Other income was only $100,000 (2015: $3,480,000) in the period, with the prior corresponding period including a gain on the settlement of a legal matter.

Exploration

Total exploration expenditure incurred during the current period amounted to $8,507,000 (2015: $7,607,000), with an amount of $3,931,000 (2015: $4,090,000) capitalised to exploration and evaluation, relating to drilling expenditure at Gwalia. Exploration expenditure expensed in the income statement in the period amounted to $4,576,000 (2015: $3,517,000). Exploration activities during the period focused on investigating highly prospective near mine high grade oxide targets at Simberi, continuing the extensive deep drilling program at Gwalia and regional exploration in Western Australia.

Corporate costs

Corporate costs for the period of $11,540,000 (2015: $10,111,000) comprised mainly expenses relating to the corporate office and compliance costs.

Royalties

Royalty expenses for the period were $11,070,000 (2015: $10,731,000). Royalties paid in Western Australia are 2.5% of gold revenues, plus a corporate royalty of 1.5% of gold revenues. Royalties paid in Papua New Guinea are 2.25% of gold revenues earned from the Simberi mine. The increase in royalty expenses was attributable to the higher gold revenue from Leonora and Simberi.

Depreciation and amortisation

Depreciation and amortisation of fixed assets and capitalised mine development amounted to $42,590,000 (2015: $40,591,000) for the period. Depreciation and amortisation attributable to the Leonora Operations was $30,544,000 (2015: $32,266,000). The expense at Simberi was $10,012,000 (2015: $5,754,000), with the increased charge attributable to the additional amortisation of mineral rights to be aligned with the remaining life of mine.

Other expense

Other expenditure of $2,608,000 (2015: $1,189,000) included costs related to share base payments, conducting the Simberi strategic review and business development related activities.

Impairment losses and asset write downs

An impairment loss of $27,273,000 was recognised in the period against the Group's Simberi cash generating unit (2015: Nil). Further information is provided in Note 4 to the financial statements.

Net finance costs

Finance costs in the period were $16,198,000 (2015: $20,449,000). Finance costs comprised interest paid and payable on borrowings and finance leases of $6,751,000 (2015: $17,330,000), borrowing costs associated with repurchase of the senior secured US notes of $8,609,000 (2015: $2,128,000) and the unwinding of the discount on the rehabilitation provision of $838,000 (2015: $991,000).

Net foreign currency gain

A net foreign exchange gain of $8,164,000 was recognised for the period (2015: gain of $1,324,000), which related mainly to foreign exchange movements on US cash balances and US denominated intercompany loans and third party balances.

Income tax

An income tax expense of $2,932,000 was recognised for the period (2015: $23,521,000), which related to an income tax expense of $27,177,000 on Australian taxable income less an income tax credit relating to PNG operations of $24,245,000. Included within the tax expense is an amount of $2,988,000 relating to tax benefits treated on capital account in the 30 June 2016 financial statements, but deemed to be deductable in the Company's tax return. This amount is included as an over provision in the income tax expense note at note 11.

Included in the PNG related income tax credit is $16,061,000 relating to the recognition of additional deferred tax assets based on the assessment of future probable taxable profits to be generated by the Simberi operation. At 30 June 2016, following the successful turnaround in performance of the Simberi operation, a net deferred tax asset was recognised of $3,267,000. At 31 December 2016 a further $16,061,000 was recognised based on the current life of mine plan.

The PNG income tax credit also includes the tax effect of $8,182,000 arising from the $27,273,000 impairment expense recognised in the period relating to the recoverable value of the Simberi cash generating unit.

Income tax expense on profit before tax generated by the Simberi operation in the six months to 31 December 2016 was reduced to zero through the recognition of previously unrecognised deferred tax assets of $4,363,000.

Discussion and Analysis of the Cash Flow Statement

Operating activities

Cash flows from operating activities for the period were $139,285,000 (2015: $122,779,000), reflecting the benefit of higher receipts from customers and lower payments to suppliers and employees compared to the prior corresponding period. Receipts from customers of $320,449,000 (2015: $312,198,000) were higher than the prior corresponding period due mainly to higher gold prices.

Payments to suppliers and employees were $161,235,000 (2015: $169,597,000), with the lower expenditure the result of reduced mining volumes at Gwalia. Payments for exploration expensed in the period amounted to $4,576,000 (2015: $3,517,000), which related to exploration activities in Western Australia and at Simberi and its neighbouring islands. Interest paid in the period of $9,600,000 (2015: $17,205,000) was lower than the prior corresponding period as a result of significant debt repayments during the period, marginally offset by the impact of a weaker average Australian dollar on US dollar denominated interest payments. Borrowing costs of $6,384,000 (2015: $81,000) represented the costs associated with repurchasing the senior secured US notes.

Investing activities

Net cash flows used in investing activities amounted to $22,528,000 (2015: $23,828,000) for the period. Lower expenditure on the purchase of plant and equipment of $4,988,000 (2015: $9,425,000), partially offset by higher expenditure on development of mine properties at Gwalia of $13,609,000 (2015: $11,127,000) was the main reason for reduced investing expenditure in the period. Exploration expenditure capitalised during the period totalled $3,931,000 (2014: $4,090,000), which all related to the deep drilling program at Gwalia. Investing expenditure during the period was in the following major areas:

- Underground mine development and infrastructure at Gwalia – $13,609,000 (2015: $11,127,000);
- Purchase of property, plant and equipment at Gwalia – $1,796,000 (2015: $1,847,000);
- Purchase of property, plant and equipment at Simberi – $3,192,000 (2015: $6,253,000); and
- Exploration expenditure at Gwalia - $3,931,000 (2015: $4,090,000).

Financing activities

Net cash flows related to financing activities in the period were a net outflow of $173,144,000 (2015: net outflow of $77,413,000), which included the repayment of debt totalling $173,164,000 (2015: $78,120,000). The Company continued its focus on reducing debt during the period with the strong cash flows generated by the operations. The main movements in financing cash flows in the period included:

- Continued early repayment of the senior secured US dollar notes through buy backs totalling $170,922,000 (2015: $21,419,000) at a premium of 3.33%;
- Repayment of insurance premium funding totalling $1,652,000 (2015: Nil); and
- Repayment of finance leases amounting to $590,000 (2015: $2,225,000).

Discussion and Analysis of the Statement of Financial Position

Net Assets and Total Equity

The Group's net assets and total equity increased during the period by $84,550,000 to $385,164,000 due to the strong profit result and significant reduction in interest bearing borrowings.

Total current assets decreased to $160,891,000 in the period (30 June 2016: $207,641,000) due mainly to the reduction in cash as a result of the repayment of interest bearing borrowings.

The deferred tax balance was a net asset of $68,000 (30 June 2016: net asset of $1,098,000). This is represented by a net deferred tax liability of $27,548,000 relating to temporary differences on Australian taxable income. A net deferred tax asset of $27,616,000 has been recognised for the PNG jurisdiction, representing the benefit of using available deferred tax assets to reduce future Simberi taxable profits to zero. Given the sustained operating performance of Simberi it is probable that future taxable profits will be generated.

A current provision for tax payable of $2,112,000 was recognised at 31 December 2016 (30 June 2016: Nil). This provision relates to Australian operations, with the continued strong performance at Gwalia resulting in the Company being in a tax payable position for the first time.

Debt management and liquidity

The available cash balance at 31 December 2016 was $87,177,000 (30 June 2016: $136,689,000), with an additional $98,000 (30 June 2016: $118,000) held on deposit as restricted cash and reported within trade receivables.

Total interest bearing liabilities decreased to $56,495,000 as at 31 December 2016 (30 June 2016: $226,318,000). The weaker Australian dollar had a negative impact on the US dollar denominated debt as at 31 December 2016, partially offsetting the reduction in the Australian dollar value of borrowings through the buy back of senior secured US notes totalling $170,922,000. The largest components of borrowings as at 31 December 2016 were:

- Senior secured US notes of $54,910,000 (30 June 2016: $222,567,000), net of capitalised transaction costs of $515,000 (30 June 2016: $2,838,000);
- Lease liabilities of $1,028,000 (30 June 2016: $1,542,000); and
- Insurance premium funding of $557,000 (30 June 2016: $2,209,000).

The current portion of total debt as at 31 December 2016 was $56,257,000 (30 June 2016: $3,201,000), which comprises mainly the senior secured US notes to be fully repaid by March 2017.

The AUD/USD exchange rate as at 31 December 2016 was 0.7217 (30 June 2016: 0.7452).

Auditor independence

A copy of the Auditor's Independence Declaration required under section 307C of the Corporations Act 2001 is set out on page 12 and forms part of this Director's Report.

Events occurring after the end of the financial period

Except as noted below, the Directors are not aware of any matter or circumstance that has arisen since the end of the reporting period that, in their opinion, has significantly affected or may significantly affect in future periods the Company's operations, the results of those operations or the state of affairs:

- The Company repaid US$20,000,000 in aggregate principal of the senior secured US notes on 20 January 2017 (as announced on 19 December 2016), amounting to A$26,480,000. In addition, as announced on 13 February 2017, the Company will repay the remaining US$20,000,000 principal of the senior secured US notes on 15 March 2017. When this payment is made, the Company will have no remaining senior secured US notes outstanding. At 31 December 2016, the AUD equivalent of $55,425,000 less capitalised costs of $515,000 was recognised as a current liability in relation to the senior secured notes.

Rounding of amounts

St Barbara Limited is a Company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 issued by the Australian Securities and Investment Commission (ASIC). As a result, amounts in this Directors' Report and the accompanying Financial Report have been rounded to the nearest thousand dollars, except where otherwise indicated.

This report is made in accordance with a resolution of Directors.

For and on behalf of the Board
Dated at Melbourne this 21st day of February 2017

Bob Vassie
Managing Director and CEO

pwc

Auditor's Independence Declaration

As lead auditor for the review of St Barbara Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of St Barbara Limited and the entities it controlled during the period.

John O'Donoghue
Partner
PricewaterhouseCoopers

Melbourne
21 February 2017

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ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT
For the half-year ended 31 December 2016

		Half-Year	
	Note	**31 Dec 2016 $'000**	**31 Dec 2015 $'000**
Revenue from operations	8	319,846	311,625
Mine operating costs		(127,485)	(145,455)
Gross profit		**192,361**	**166,170**
Other revenue	8	714	1,211
Other income		100	3,480
Exploration expensed		(4,576)	(3,517)
Corporate costs		(11,540)	(10,111)
Royalties		(11,070)	(10,731)
Depreciation and amortisation		(42,590)	(40,591)
Net gain on disposal of assets		-	15,372
Other expenses		(2,608)	(1,189)
Impairment losses and asset write downs	4	(27,273)	-
Operating profit		**93,518**	**120,094**
Net finance costs	9	(16,198)	(20,449)
Net foreign exchange gain		8,164	1,324
Profit before income tax		**85,484**	**100,969**
Income tax expense	11	(2,932)	(23,521)
Profit for the period		**82,552**	**77,448**
Profit attributable to equity holders of the Company		**82,552**	**77,448**
Earnings per share:			
Basic earnings per share (cents)		16.62	15.64
Diluted earnings per share (cents)		15.95	14.92

The above income statement should be read in conjunction with the accompanying notes.

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2016

	Half-Year	
	31 Dec 2016 $'000	**31 Dec 2015 $'000**
Profit for the period	**82,552**	**77,448**
Other comprehensive income		
Items that may be reclassified subsequently to Profit or Loss:		
Changes in fair value of available for sale financial assets	157	(4)
Foreign currency translation differences – foreign operations	397	(17,437)
Income tax on other comprehensive income	525	1,894
Other comprehensive profit/(loss) net of tax(1)	1,079	(15,547)
Total comprehensive profit attributable to equity holders of the company	**83,631**	**61,901**

(1) Other comprehensive income comprises items of income and expense that are recognised directly in reserves or equity. These items are not recognised in the Income Statement as required by accounting standards. Total comprehensive profit comprises the result for the period adjusted for the other comprehensive income.

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	Consolidated 31 Dec 2016 $'000	30 June 2016 $'000
Assets			
Current assets			
Cash and cash equivalents	12	87,177	136,689
Trade and other receivables		7,279	8,286
Inventories		60,060	58,164
Available for sale financial assets		31	56
Deferred mining costs		6,344	4,446
Total current assets		160,891	207,641
Non-current assets			
Trade and other receivables		2,420	2,366
Property, plant and equipment		139,513	162,448
Deferred mining costs		10,029	11,271
Mine properties		167,698	179,884
Exploration and evaluation		29,906	25,975
Mineral rights		11,514	19,785
Net deferred tax asset		27,616	3,267
Total non-current assets		388,696	404,996
Total assets		**549,587**	**612,637**
Liabilities			
Current liabilities			
Trade and other payables		36,144	39,768
Interest bearing borrowings	13	56,257	3,201
Rehabilitation provision		493	493
Current tax liabilities		2,112	-
Other provisions		9,111	10,519
Total current liabilities		104,117	53,981
Non-current liabilities			
Interest bearing borrowings	13	238	223,117
Rehabilitation provision		28,091	28,095
Other provisions		4,429	4,661
Net deferred tax liability		27,548	2,169
Total non-current liabilities		60,306	258,042
Total liabilities		**164,423**	**312,023**
Net Assets		**385,164**	**300,614**
Equity			
Contributed equity	14	887,254	887,216
Reserves		(56,679)	(58,639)
Accumulated losses	15	(445,411)	(527,963)
Total equity		**385,164**	**300,614**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2016

	Contributed Equity $'000	Share Based Payments Reserve $'000	Investment Fair Value Reserve $'000	Currency Translation Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2016	**887,216**	**1,095**	**(157)**	**(59,577)**	**(527,963)**	**300,614**
Share-based payments expense	38	881	-	-	-	**919**
Accumulated profit for the period	-	-	-	-	82,552	**82,552**
Comprehensive income for the period	-	-	157	922	-	**1,079**
Balance at 31 December 2016	**887,254**	**1,976**	**-**	**(58,655)**	**(445,411)**	**385,164**

	Contributed Equity $'000	Share Based Payments Reserve $'000	Investment Fair Value Reserve $'000	Currency Translation Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2015	**887,216**	**167**	**(144)**	**(49,459)**	**(697,351)**	**140,429**
Share-based payments expense	-	204	-	-	-	**204**
Accumulated profit for the period	-	-	-	-	77,448	**77,448**
Comprehensive loss for the period	-	-	(4)	(15,543)	-	**(15,547)**
Balance at 31 December 2015	**887,216**	**371**	**(148)**	**(65,002)**	**(619,903)**	**202,534**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED CASH FLOW STATEMENT
For the half-year ended 31 December 2016

	Note	Half-Year	
		31 Dec 2016 $'000	**31 Dec 2015 $'000**
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		320,449	312,198
Payments to suppliers and employees (inclusive of GST)		(161,235)	(169,597)
Payments for exploration and evaluation		(4,576)	(3,517)
Interest received		714	1,127
Interest paid		(9,600)	(17,205)
Finance charges – finance leases		(83)	(146)
Borrowing costs paid		(6,384)	(81)
Net cash flow from operating activities		**139,285**	**122,779**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	814
Payments for property, plant and equipment		(4,988)	(9,425)
Payments for exploration and evaluation		(3,931)	(4,090)
Payments for development of mine properties		(13,609)	(11,127)
Net cash flow used in investing activities		**(22,528)**	**(23,828)**
Cash flows from financing activities			
Movements in restricted cash and cash equivalents		20	707
Senior secure notes repayments		(170,922)	(21,419)
Other loan facility repayments		(1,652)	(54,476)
Principal repayments on finance leases		(590)	(2,225)
Net cash flow used in financing activities		**(173,144)**	**(77,413)**
Net (decrease)/ increase in cash and cash equivalents		**(56,387)**	**21,538**
Cash and cash equivalents at beginning of the period		136,689	76,871
Net foreign exchange movement		6,875	2,083
Cash and cash equivalents at end of the period	12	**87,177**	**100,492**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 1 – Basis of preparation

St Barbara Limited (the "Company") is a company domiciled in Australia. The consolidated half year financial report of the Company as at and for the six months ended 31 December 2016 comprises the Company and its subsidiaries (together referred to as the "Group").

This general purpose financial report for the half year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited annual report for the year ended 30 June 2016.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half year. This consolidated half year financial report was approved by the Board of Directors on 21 February 2017.

The AUD:USD exchange rate as at 31 December 2016 was 0.7217 (30 June 2016: 0.7452).

Note 2 – Significant accounting policies

The accounting policies applied by the Group in this consolidated half year financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2016. These accounting policies are consistent with Australian Accounting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current half-year report. Accounting policies are applied consistently by each entity in the Group.

Note 3 – New standards and interpretations not yet adopted

I. *AASB 9 Financial Instruments (December 2014) and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9*

   AASB 9 introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 also introduces new requirements relating to financial liabilities. The change in fair value of financial liabilities designated at fair value through profit and loss due to an entity's own credit risk are presented in other comprehensive income, unless this creates an accounting mismatch.

II. *AASB 15 Revenues from contracts with customers*

   The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services.

III. *AASB 16 Leases*

   AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The above standards have not been early adopted and as such have no impact on disclosure of the half year interim report.

Note 4 – Critical accounting estimates and judgements

The preparation of the half year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Except as noted below, in preparing this consolidated half year financial report, the significant estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the most recent annual financial report.

(i) Impairment of assets

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular assets that may lead to impairment. In the event impairment is triggered, the recoverable amount of each Cash Generating Unit (CGU) is determined as the higher of value-in-use or fair value less costs of disposal ("Fair Value").

Given the nature of the Group's mining activities, future changes in assumptions upon which these estimates are based may give rise to a material adjustment to the carrying value of the CGU. This could lead to the recognition of impairment losses in the future.

Given the Simberi CGU's sensitivity to gold price, the weakening of the USD spot gold price from 30 June 2016 to 31 December 2016 represented an indicator of possible impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). As a result, the Group assessed the recoverable amounts of the Simberi CGU.

(a) Methodology

Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of the Simberi CGU was assessed using Fair Value. The costs of disposal have been estimated by management based on prevailing market conditions.

Fair Value is determined as the net present value of the estimated future cash flows. Future cash flows are based on life-of-mine plans using market based commodity price and exchange rate assumptions for both Australian Dollar (AUD) and United States Dollar (USD) gold price, estimated quantities of ore reserves, operating costs and future capital.

Present values are determined using a risk adjusted discount rate appropriate to the risks inherent in the assets.

Significant judgements and assumptions are required in making estimates of Fair Value. The CGU valuations are subject to variability in key assumptions including, but not limited to: gold prices, currency exchange rates, discount rates, production, operating costs and capital expenditure. An adverse change in one or more of the assumptions used to estimate Fair Value could result in a reduction in a CGU's recoverable value.

(b) Key Assumptions

The table below summarises the key assumptions used in the 31 December 2016 reporting date carrying value assessments:

	2017-2022
Gold (Real US$ per ounce)	$1,098/oz - $1,325/oz
AUD:USD exchange rate	0.74
Post-tax real discount rate (%)	10.2

Note 4 – Critical accounting estimates and judgements (continued)

(i) Impairment of assets (continued)

Commodity prices and exchange rates

Commodity prices and foreign exchange rates are estimated with reference to external market forecasts and updated at least annually. The rates applied for the valuation have regard to observable market data, including spot and forward values.

Discount rate

In determining Fair Value of CGUs, the future cash flows are discounted using rates based on the Group's estimated real pre-tax weighted average cost of capital for each functional currency used in the Group, with an additional premium applied having regard to the geographic location of the CGU.

Operating and capital costs

Life-of-mine operating and capital cost assumptions are based on the Group's latest life-of-mine plans. The projections do not include expected cost improvements reflecting the Group's objectives to maximise free cash flow, optimise and reduce activity, apply technology, improve capital and labour productivity.

Unmined resources and exploration values

Unmined resources may not be included in a CGU's particular life-of-mine plan for a number of reasons, including the need to constantly re-assess the economic returns on and timing of specific production options in the current economic environment. In determining the Fair Value of the CGU there are no unmined resources or exploration estimates included within the valuation.

(c) Impacts

After reflecting the write down of certain assets arising from the Group's revised operating plans in relation to Simberi, the Group has conducted the carrying value analysis resulting in an impairment charge of A$19,091,000 million after tax, as summarised in the table below.

	Simberi $'000
Write down of assets	
Inventories	3,741
Impairments	
Property, plant and equipment	19,750
Mineral rights	3,782
Total impairment and asset write downs	27,273
Tax effect	(8,182)
Total impairment and asset write downs after tax	19,091

(d) Sensitivity Analysis

After recognising the impairment and asset write downs in respect of the Simberi CGU, the Fair Value is assessed as being equal to its carrying amount as at 31 December 2016.

Any variation in the key assumptions used to determine Fair Value will result in a change of the assessed fair value. If the variation in assumption had a negative impact on Fair Value it could indicate a requirement for additional impairment of non-current assets.

It is estimated that changes in the key assumptions would have the following approximate impact on the Fair Value of the CGU in its functional currency that has been subject to impairment as at 31 December 2016:

Decrease in Fair Value resulting from:	Simberi $'000
US$100/oz decrease in gold price	17,112
0.50% increase in discount rate	280

The sensitivities above assume that the specific assumption moves in isolation, while all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions is usually accompanied with a change in another assumption, which may have an offsetting impact (for example, the recent decline in the USD gold price was accompanied by a decline in the AUD compared to the USD). Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

Note 5 – Segment information

The Group has two operational business units: Leonora Operations and Simberi Operations. The operational business units are managed separately due to their separate geographic regions.

The Leonora Operations comprise underground gold mining operations in Western Australia, consisting of the Leonora processing plant and Gwalia mine. The King of the Hills mine was part of the Leonora business unit until its sale in October 2015. The results of all segments are reviewed regularly by the Group's Executive Leadership Team, in particular production, cost per ounce and capital expenditures.

Information regarding the operations of each reportable segment is included below and on the following page. Performance is measured based on segment profit before income tax (excluding corporate expenses), as this is deemed to be the most relevant in assessing performance after taking into account factors such as cost per ounce of production.

	Leonora		Simberi		Total	
For the six months	**31 Dec 2016 $'000**	**31 Dec 2015 $'000**	**31 Dec 2016 $'000**	**31 Dec 2015 $'000**	**31 Dec 2016 $'000**	**31 Dec 2015 $'000**
Revenue	227,449	222,403	92,397	89,222	319,846	311,625
Mine operating costs	(68,641)	(84,863)	(58,844)	(60,592)	(127,485)	(145,455)
Gross profit	**158,808**	**137,540**	**33,553**	**28,630**	**192,361**	**166,170**
Royalties	(9,004)	(8,737)	(2,066)	(1,994)	(11,070)	(10,731)
Depreciation and amortisation	(30,544)	(32,266)	(10,012)	(5,754)	(40,556)	(38,020)
Impairment losses	-	-	(27,273)	-	(27,273)	-
Profit from sale of assets	-	15,264	-	108	-	15,372
Reportable segment profit/(loss) before income tax	**119,260**	**111,801**	**(5,798)**	**20,990**	**113,462**	**132,791**

Note 5 – Segment information (continued)

	Leonora		Simberi		Total	
For the six months	**31 Dec 2016 $'000**	**31 Dec 2015 $'000**	**31 Dec 2016 $'000**	**31 Dec 2015 $'000**	**31 Dec 2016 $'000**	**31 Dec 2015 $'000**
Capital expenditure – sustaining	(13,152)	(12,974)	(3,277)	(6,253)	(16,429)	(19,227)
Capital expenditure – growth(1)	(6,408)	(4,090)	-	-	(6,408)	(4,090)
	(19,560)	(17,064)	(3,277)	(6,253)	(22,837)	(23,317)
As at	**31 Dec 2016 $'000**	**30 Jun 2016 $'000**	**31 Dec 2016 $'000**	**30 Jun 2016 $'000**	**31 Dec 2016 $'000**	**30 Jun 2016 $'000**
Segment – assets	311,842	317,514	138,976	146,666	450,818	464,180
Segment – non-current assets	273,539	285,786	99,245	101,119	372,784	386,905
Segment – liabilities	24,207	22,670	32,841	35,428	57,048	58,098

(1) Growth capital at Gwalia represents the deep drilling expenditure of $3,931,000 (2015: 4,090,000) and Gwalia extension project pre-feasibility studies of $2,477,000 (2015: Nil).

Reconciliation of reportable segment revenues, profit or loss, assets, and other material items:

	Consolidated	
	Period Ended 31 Dec 2016 $'000	**Period Ended 31 Dec 2015 $'000**
Revenues		
Total revenue for reportable segments	319,846	311,625
Other revenue	714	1,211
Consolidated revenue from operations	**320,560**	**312,836**

	Consolidated	
	Period Ended 31 Dec 2016 $'000	**Period Ended 31 Dec 2015 $'000**
Profit or loss		
Total profit for reportable segments	113,462	132,791
Other income and revenue	814	4,691
Exploration expensed	(4,576)	(3,517)
Unallocated depreciation and amortisation	(2,034)	(2,571)
Finance costs	(16,198)	(20,449)
Net foreign exchange gain	8,164	1,324
Corporate costs	(11,540)	(10,111)
Other expenses	(2,608)	(1,189)
Consolidated profit before income tax from operations	**85,484**	**100,969**

Note 5 – Segment information (continued)

Reconciliation of reportable segment revenues, profit or loss, assets, and other material items (continued):

	Consolidated	
	31 Dec 2016 $'000	30 June 2016 $'000
Assets		
Total assets for reportable segments	450,818	464,180
Cash and cash equivalents	86,458	134,081
Trade and other receivables	8,817	9,866
Available for sale financial assets	31	56
Property, plant & equipment	3,463	4,454
Consolidated total assets	**549,587**	**612,637**

	Half year ended 31 December 2016			Half year ended 31 December 2015		
	Reportable segment	Adjustments	Consolidated	Reportable segment	Adjustments	Consolidated
Other material items	$'000	$'000	$'000	$'000	$'000	$'000
Depreciation and amortisation	40,556	2,034	42,590	38,020	2,571	40,591

Note 6 – Contingent liabilities

During July 2014, the Company announced that by operation of its internal reporting mechanisms, the provision of benefits to a foreign public official that may violate its Anti-Bribery and Anti-Corruption Policy or applicable laws in Australia or in foreign jurisdictions were identified. The amount of the benefits provided to the foreign public official was not material to the Company. The Company self-reported the matter to relevant authorities, including the Australian Federal Police, and the matter is being assessed and investigated. To date, there has been no action taken against the Company, consequently, the range of potential penalties, if any, cannot be reliably estimated. Should there be any prosecution, potential penalties are governed by laws in various jurisdictions including *Criminal Code 1995 (Cth)* in Australia and/or the UK *Bribery Act*.

Note 7 – Dividends

No dividends were declared or paid during the period (2015: Nil).

Note 8 – Revenue

	Consolidated	
	Period ended 31 Dec 2016 $'000	**Period ended 31 Dec 2015 $'000**
Sales revenue		
- Sale of gold	319,271	310,878
- Sale of silver	575	747
	319,846	**311,625**
Other revenue		
- Interest revenue	714	1,177
- Sub-lease rental	-	34
	714	**1,211**
Revenue from operations	**320,560**	**312,836**

Note 9 – Finance costs

	Consolidated	
	Period ended 31 Dec 2016 $'000	**Period ended 31 Dec 2015 $'000**
Interest paid/payable	6,668	17,184
Borrowing costs	8,609	2,128
Finance lease interest	83	146
Provisions: unwinding of discount	838	991
	16,198	**20,449**

Note 10 – Significant Items

Significant items are those items where their size and nature is considered significant to the financial report. Such items included within the consolidated results for the period are detailed below.

	Consolidated	
	Period ended 31 Dec 2016 $'000	**Period ended 31 Dec 2015 $'000**
Included within profit of disposal of asset		
Profit on sale of King of the Hills and Kailis	-	14,858
Included within impairment losses and asset write downs		
Impairment of Simberi assets	(27,273)	-
Included within net foreign exchange gain		
Effect of foreign exchange movements on US cash balances (1)	3,475	(181)
Effect of foreign exchange movements on US borrowings (2)	-	(10,214)
Unrealised foreign exchange gains(3)	2,922	17,742
Foreign exchange gain/(loss) on USD debt repayments(4)	814	(5,462)
	7,211	1,885
Total significant items for continuing operations – pre tax	**(20,062)**	**16,743**
Group tax consolidation		
Tax effect of above significant items	6,018	678
PNG deferred tax assets recognised(5)	16,061	-
Total significant items for continuing operations – post tax	**2,017**	**17,421**

(1) Effect of foreign exchange movements on US cash balances

The movement represents the restatement of cash balances and cash movements denominated in USD to AUD.

(2) Effect of foreign exchange movements on US borrowings

The Group hedges the foreign exchange exposure of its US dollar functional currency Simberi assets against its US dollar denominated borrowings. Per AASB 121 the ineffective component must be recognised in the Consolidated Income Statement. Additionally, the unrealised foreign exchange movement on the US dollar denominated borrowing not in a hedging relationship is recognised in the Consolidated Income Statement.

(3) Unrealised foreign exchange gains

The movement represents the unrealised gains on Australian and US denominated intercompany loans and third party balances reflected within the Consolidated Income Statement per AASB 121.

(4) Realised foreign exchange gain/(loss) on US debt.

Represents the amount of FX gain/(loss) on the buy back of US notes and Red Kite loan repayments.

(5) PNG deferred tax assets recognised

At each reporting date the Group performs a review of the probable future taxable profits in each jurisdiction. Prior to 30 June 2016, there had been no deferred tax asset recognised in relation to the PNG jurisdiction, as it had been previously determined that it was not probable that the Simberi operation would generate future taxable profits. At 30 June 2016, following the successful completion of the turnaround in performance of the Simberi operation, a net deferred tax asset was recognised of $3,267,000. At 31 December 2016 a further $16,061,000 was recognised as a deferred tax asset based on the current life of mine plan.

Note 11 - Tax

	Consolidated	
Income tax expense	**Period ended 31 Dec 2016 $'000**	**Period ended 31 Dec 2015 $'000**
Income tax expense	18,686	27,471
(Over)/under provision in respect of prior periods	(2,759)	493
Deferred income tax benefit	(12,995)	(4,443)
Income tax expense	**2,932**	**23,521**
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	85,484	100,969
Tax at the statutory rate of 30%	25,645	30,291
Tax effect of amounts not deductible/(taxable) in calculating taxable income:		
Equity settled share based payments	276	62
Sundry items	423	(602)
Interest expense previously treated as non-deductible	(2,988)	-
Use of deferred tax assets not previously recognised - PNG	(4,363)	(6,230)
Recognition of previously unbooked deferred tax assets - PNG	(16,061)	-
Income tax expense	**2,932**	**23,521**

Note 11 - Tax (continued)

Deferred tax balances		**31 Dec 2016 $'000**	**30 June 2016 $'000**
Deferred tax assets			
Tax losses		-	41,722
Provisions and accruals		40,649	40,169
Investment at fair value		-	224
Unrealised foreign exchange losses		-	64,560
Property, plant and equipment		107,739	21,105
Other		701	3,326
	Total	149,089	171,106
	Tax effect @ 30%	44,727	51,332
Deferred tax liabilities			
Accrued income		234	229
Mine properties – exploration		33,663	30,209
Mine properties – development		61,794	81,976
Consumables		49,178	52,123
Capitalised convertible notes costs		1,337	2,908
Unrealised foreign exchange gains		2,656	-
	Total	148,862	167,445
	Total effect at 30%	44,659	50,234
Net deferred tax balance		**68**	**1,098**
Comprising			
Australia net deferred tax liabilities		(27,548)	(2,169)
PNG net deferred tax assets		27,616	3,267

	Consolidated	
	31 Dec 2016 $'000	30 June 2016 $'000
Note 12 – Cash and cash equivalents		
For the purpose of the Consolidated half-year Statement of Cash Flows, cash and cash equivalents at the 31 December balance date comprised the following:		
Cash at bank and on hand[(1)]	67,177	101,689
Term deposits[(2)]	20,000	35,000
Total cash and cash equivalents	**87,177**	**136,689**

(1) Cash at bank at 31 December 2016 invested "at call" was earning interest at an average rate of 1.74% per annum (30 June 2016: 0.63% per annum). Cash at bank excludes restricted cash of $98,000 (30 June 2016: $118,000), which is reported as part of trade and other receivables.

(2) The deposits at 31 December 2016 were earning interest at rates of between 2.67% and 2.80% per annum (30 June 2016: rates of between 1.83% and 3.00% per annum). At 31 December 2016, the average time to maturity was 83 days (30 June 2016: 31 days).

	Consolidated	
	31 Dec 2016 $'000	30 June 2016 $'000
Note 13 – Interest bearing borrowings		
Current – Secured		
Lease liabilities	790	992
Insurance premium funding	557	2,209
Senior secured notes (net of transaction costs)	54,910	-
	56,257	**3,201**
Non-Current - Secured		
Lease liabilities	238	550
Senior secured notes (net of transaction costs)	-	222,567
	238	**223,117**

Note 14 – Contributed equity

	Parent entity		Parent entity	
	31 Dec 2016	30 June 2016	31 Dec 2016	30 June 2016
	Shares	Shares	$'000	$'000
Ordinary shares fully paid	497,331,095	495,102,525	887,254	887,216

Note 15 – Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated	
	31 Dec 2016 $'000	**30 June 2016 $'000**
Balance at start of the period	(527,963)	(697,351)
Profit attributable to members of the Company	82,552	169,388
Balance at end of the period(1)	**(445,411)**	**(527,963)**

(1) The 30 June 2016 comparative information discloses the movement for the year ended 30 June 2016.

Note 16 – Subsequent events

Except as noted below, the Directors are not aware of any matter or circumstance that has arisen since the end of the reporting period that, in their opinion, has significantly affected or may significantly affect in future periods the Company's operations, the results of those operations or the state of affairs:

- The Company repaid US$20,000,000 in aggregate principal of the senior secured US notes on 20 January 2017 (as announced on 19 December 2016), amounting to A$26,480,000. In addition, as announced on 13 February 2017, the Company will pay the remaining US$20,000,000 principal of the senior secured US notes on 15 March 2017. When this payment is made, the Company will have no remaining senior secured US notes outstanding. At 31 December 2016 the AUD equivalent of $55,425,000 less capitalised costs of $515,000 was recognised as a current liability in relation to the senior secured US notes.

Note 17 – Financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	Dec 2016		June 2016	
	Carrying Amount $'000	**Net Fair Value $'000**	**Carrying Amount $'000**	**Net Fair Value $'000**
Financial liabilities held at amortised costs				
- Senior secured US notes(1)	54,910	57,270	222,567	228,227

(1) The senior secured note amount is net of $463,000 (June 2016: $2,551,000) of capitalised transaction costs and $52,000 (June 2016: $287,000) discount on notes.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 13 to 29 are in accordance with the *Corporations Act 2001,* including:

- i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*; and
- ii) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the six month period ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Bob Vassie
Managing Director and CEO

Dated at Melbourne this 21st day of February 2017

Independent auditor's review report to the members of St Barbara Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of St Barbara Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration for the St Barbara Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of St Barbara Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of St Barbara Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

John O'Donoghue
Partner

Melbourne
21 February 2017

CORPORATE DIRECTORY

BOARD OF DIRECTORS

T C Netscher	Non-Executive Chairman
R S Vassie	Managing Director & CEO
K J Gleeson	Non-Executive Director
D E J Moroney	Non-Executive Director

COMPANY SECRETARY
R R Cole

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Ticker Symbol: SBM

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